WD2239.B490.

1924-5

File No. 187-24

Serial Nos. 4-10

Previous References. Ge 84-21 (2) Ge)
Ge 89-22 (1,2,3)
Ge 187-24 (1-3) } Ge 29-22 (18-19-21)
" 323-22 (4-6)
Later references. " 323-22 (1-3)
Ge 65-25 (1-7, 11)

GENERAL & REVENUE SECRETARIAT

Serial Nos. Seven.

Part B for June 25

SUBJECT

Question of transferring the Government Soap Factory to a private Agency

Ge 8365/15-6-25

To

Director of Geology

Direct that the draft notification appended to this order be published in Mysore Gazette & also in the leading news-

3034

B117

...ral and Revenue Secretariat. | I & C File No. 187 of 1924

Serial No. 4

From the Director I and C

No. cc 220 & 11th. Dec 1924

Forwards for the information of Govt copy of letter dated 27. 11. 24 from Mr Musa Said regarding the taking over of the Govt Soap Factory and states that he does not consider the terms offered sufficiently favourable

For perusal.

(Sd) K. V. A
11. 12. 24

II. Member)

This may be submitted with the file relating to the case.

Information may be noted regarding the percentage of profits earned by the factory during each half year for the past four or five years.

(Sd). K. R. S
12. 12. 24

A. S I and C.

(Sd). K. V. A
15/12/24

(Sd) S. N. R
15. 12. 24

Previous papers are submitted.

The information as regards profits earned by the factory is given in the annexed statement. It is based on figures obtained from the Comptroller's office.

Sent
18/12/24.

19. 12. 24

Please put up this file relating to the Govt Soap Factory

Note Contn. Sheet

...mald. on

G.R.S. III-2]

File No. 187 of 1924

Gene S

Serial No.

Submitted with complete references

Subd Jw 19.12.24

Subd with a statement of previous files as marked

SM 19/12

Rev Sec II 567 20.12

Pe 25/12

SM 20/12

I wish to personally discuss this with the Dy

This may be submitted on the occasion when I see him

21/12

A copy (may be sent to the Dy's letter dt 11th Dec) may be sent saying that the further proposals in the transfer of this scrap factory & private siding are awaited from the Executive

(I have discussed the matter with the D.S. and he is to send the proposals)

29.12.24

Accepted subd. 29/12

NOTE: Contn. Sheet

General and Revenue Secretariat.

GC File No. 187 of 19 24

Serial No. 5

L 376/30-12-24

To. The Director GC.
Calls for his further proposals re transfer of the Soap Factory to private Agency.

GEN. & REV. SECRETARIAT
6-JAN 1925
INDUSTRIES & COMMERCE BRANCH.
6

From the Director GC
No. C 652 dt 19.1.25
States that the further proposals will be sent after the return of Mr. H. Mirza Sent to Bangalore
Submitted for perusal

21.1.25 — Rev & Gl)

20/1

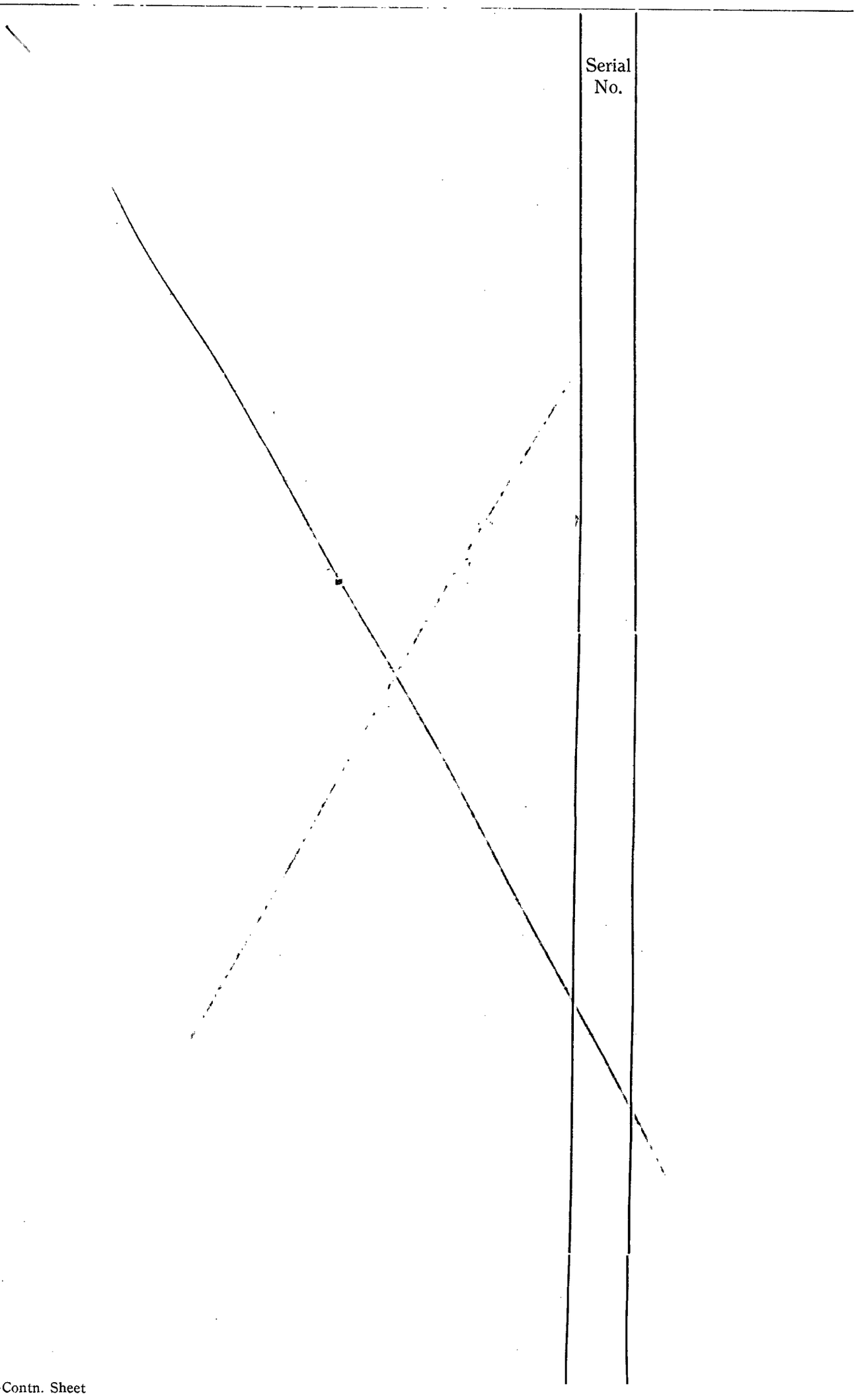
675
20.1.25

Seen

29/1

GEN. & REV. SECRETARIAT
29 JAN 1925
INDUSTRIES & COMMERCE BRANCH.

NOTE—Contn. Sheet



NOTE—Contn. Sheet

F

G

Serial No.

Mr.Musa Ebrahim Sait was given the sole agency to sell the soaps manufactured in the Government Soap Factory, with effect from 1st August 1923. The Agency has been given for a term of three years and it is terminable at the option of either party on giving six months' notice.

On 22-8-1924 Mr.Musa Sait petitioned to the Director of Industries and Commerce that the result of the working of the Agency for about a year was a loss of Rs.1,500, that the market for the soaps had not been fully developed, and that if the position had to be improved a considerable outlay on advertisements etc., would be necessary. He expressed his willingness to do all that he could to improve matters; but he desired to have a definite assurance as to what his position would be on the termination of the present term of the agency. As in the initial stages the agency was resulting in a loss and as any improvement in the situation could be achieved only by expending large sums of money he desired to have an assurance that he would be given an option of the renewal of the agreement for another period of 5 years on the same terms. As an alternative he suggested that if Government had no objection to transfer the factory to a private agency Government might be pleased to give him the preferential right to purchase it. If the latter was given Mr.Musa Sait promised to make an offer of the terms on which he was willing to take up the factory. The Director

NOTE-Contn. Sheet

forwarded the correspondence to Government on the 13th October stating that if the Factory was transferred to Mr.Musa Sait, he was in a position to float a joint-stock company and raise a sum of 5 lakhs of rupees to develop the concern. The Director observed that the future of the Factory was surrounded by considerable uncertainty, as the market for toilet soap had not proved as good as it was expected and that at the present rate of production accumulation of stock was inevitable.

Government then called for a detailed report stating the terms on which Mr.Musa Sait was willing to take over the Factory.

Serial No. H I J

Mr.Musa Sait has now submitted his final proposals in the matter. They are as follows:-

i. The plant and machinery to be valued at market price. In case book value is lower, that should be adopted, deductions being made for depreciation.

2. Raw materials and finished products should be taken at cost price or market price - whichever is lower.

3. The Factory must be allowed to remain in its present location for a period of 5 years with an option to continue it for a further term of 5 years subject of course to payment of reasonable rent.

4. A joint-stock company will be floated to take over the concern.

Serial No.

5. The concern will not be moved out of the State.

6. The Government must take at least 50,000 rupees worth of shares in part payment of the value. The balance will be paid as share amounts are collected.

7. Government will have the right to appoint a Director.

8. Government must guarantee that the persons now employed in Soap Making in the Soap Factory do not start or help any other persons to start a soap factory or give the recipes and formula or information of the working of the factory to any one for three years.

9. A sum of 5,000 rupees ~~with~~ for good will, together with another sum of Rs.2000 subject to the condition that if any portion thereof is not paid as bonus to persons who assisted in the development of the industry it should be refunded.

"A"
File No 135-21 linked)

In 1921 an attempt was made by Government to transfer the soap factory to private agency. On that occasion 3 tenders were received one from Mr Narayan Doss Giridar Doss of Madras, another from Mr.V.Rangaswamy Iyengar and the 3rd from Messrs Papiah Chetty and Bros , who were the agents for the sale of soap at that time. A comparative statement showing the terms offered by the 3 parties is contained in file No.135 of 21. The party who was most likely to develop the industry was Mr.Narayan Doss Giridar Doss. But the fact that he was not a native of Mysore and the circumstance that Messrs.Papiah Chetty and Bros., had a preferential claim in view of the good work done by them in developing the market for

NOTE-Contd. Sheet.

the soap seemed to have decided the choice in favour of Papiah Chetty and Bros. The terms now offered by Mr.Musa Ebrahim Sait and those sanctioned in favour of Mr.Papiah Chetty & Bros., are tabulated below to facilitate comparision:-

Mr.Musa Sait.	Messrs.Papiah Chetty.
i. I understand he is a native of Bangalore & owns property in the Mysore State.	i.Machinery as per published pamphlets.
2.The plant & machinery at current market value & if book value is less the benefit to be given to the party.	2.Goods under process at cost price.
3.Finished stock at cost price.	3.Finished stock at cost price.
4.Raw materials at market rate.	4.Raw materials at market rate.
5.To be allowed to remain in the present premises for 5 years, with an option of another 5 years, at a reasonable rent.	5.Factory to be shifted within 6 months.
6.Shares to the value of Rs.7,000 in the new Coy. (any amount not paid as bonus to be refunded.)	6.Fully paid up shares (Rs.15,000) to be allotted to Govt.for goodwill.
7. 7.30000/- rupees before purchase & balance later on as share amount is collected.	7.The whole of the purchase money to be paid at once.
8.To start a limited liability Co.,"SUCCESSOR TO THE GOVERNMENT SOAP FACTORY,BANGALORE" Govt., to take Rs.50,000 worth of shares.	8.To form a joint stock co.,with a capital of 15 lakhs with a Govt., Director on the Board.
9.An officer of the Industrial Dept. to be lent for one or two years.	9.The services of the Industrial Chemist for three years.

Serial No.

× J

* B (File No.135-21)

The points now for consideration are:-

Serial No.

i. Whether it is desirable or necessary to transfer the Soap Factory to a private agency at this stage, and

ii. If it is to be transferred, whether Mr.Musa Sait's terms are suitable.

In regard to the disposal of the Soap Factory to a private agency a consideration of all the circumstances of the case will show that it is better to dispose of it to a private agency at as early a date as possible. So far back as 1921 Government had arrived at this decision. The transfer of the factory to Messrs.Papiah Chetty Bros., was decided upon but the financial embarrassment into which Messrs.Papiah Chetty and Bros fell and their inability to take over the factory prevented the completion of the arrangement. Later on it was decided that the factory might be continued some time longer under Government management and that the out-put of the factory might be developed. The reports of the Director of Industries and Commerce and the Officer-in-charge of the Soap Factory clearly show that with the return of normal conditions in Europe, competition from such important soap concerns like those of Lever Bros , Pears Ltd., Erasmic Co., has greatly increased and soaps manufactured by these well-known concerns are offered in the market at prices which are more favourable than those of the soaps produced in the Mysore Factory. In fact already there has been a considerable accumulation of stock and the Agent himself is complaining of loss. If the factory is to put up any thing like a fair fight against

C (File No 135-21)

powerful competitors, the management will have to be conducted with a considerable amount of enthusiasm and enterprise which it will be difficult to secure in the case of a Government concern. It is therefore desirable to handover the factory to private enterprise. The next question is whether Mr.Musa Sait's terms may be accepted. The terms offered by Mr.Musa Sait are certainly not so favourable as those offered by Messrs.Papiah Chetty and Bros. Mr.Musa does not offer any fair value for the good-will. There is no doubt that the Mysore Soap has earned a reputation for quality and the concern in spite of the difficulties that it has had to face has been a distinct success. It is difficult to accept Mr.Musa Sait's view that the value of the good-will is nothing. As regards the value of the machinery and plant the present market value thereof will have to be taken. But the main point to consider is whether a public call for tenders should not be made. It will be observed that on the last x occasion such a public tender was called for and it appears to be desirable to follow the same practice on the present occasion also.

If it is decided that the factory should not be handed over to a private agency, then, the question of giving Mr.Musa Sait an assurance of the renewal of the agency may be necessary - but this will not and should not affect our discretion to revise the terms of agency.

Serial No.

K (File No 164-21)

General and Revenue Secretariat. | Jte File No. 187 of 1925

Serial No.

So far back as 1921, the desirability of handing over the factory to private agency was recognised by Government; but the proposal was not given effect to, as the negotiations with Messrs. Papiah Chetty & Co. had to be dropped for certain reasons.

Before considering the terms now offered by Mr. Musa Sait, I think it desirable to call for tenders again by public advertisement, so that Government may not lay themselves open to the charge of granting unduly favourable terms to Mr. Musa Sait I would therefore suggest that tenders may be invited from intending applicants for taking over the Soap Factory on the following terms:-

(i) Plant, machinery, raw materials etc. to be valued at their current market rates; and finished stock at cost price.

Half of the value to be paid at once within a month of the acceptance of the tender by Government and before possession of the Factory is given to the tenderer and the other half within a year thereafter, the plant and machinery etc. being treated as security for the amount till the amount is fully paid up.

(ii) In addition to the value of the plants &c. the tenderer should mention in his tender the amount he is prepared to pay for the good-will, such amount being paid either in cash or in the shape of fully paid up shares in any company which may be floated by the tenderer to work the concern,

NOTE-Contn. Sheet

provided

(iii) The factory will be allowed to remain on its present site for a period not exceeding 5 years on payment of reasonable rent therefor to - Government.

(iv) Government to lend the services of an officer of the Industries Department for a year or two, if required by the tenderer.

If the Dewan approves of the above proposal, a Final Note soliciting sanction of His Highness to the proposal will be put up.

Serial No.

Dewan

Circulate.

12

an early
(For Disposal at a Meeting)

No. C. 325

of 1924-25

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

(Clause xii of the Schedule)

SUBJECT.

Question of handing over the Government Soap Factory to a private agency.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

Offg. *Chief Secretary to Government.*

25th February 1925.

Extraordinary Member of Council.

691/25-2

First Member of Council. Jc 25/2

Secretary to Council 690/26/2

Second Member of Council. Seen. Last year's accounts & present position (daily output, stock in hand & chance of profit or loss) may kindly be put up & file vers.

Note on

Third Member of Council. Tee 27/2

The recent report on the accounts of the factory for ½ year ending 31.12.24 should be linked, as directed in Secretariat No. C. 325

329

13 C 325 of 24-25

Extract from the Proceedings of the 734th *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 14th April 1925. *19*

189. Subject. - Clause xiiof the schedule.

Question of handing over the Government Soap Factory to a private agency.

OPINION OF THE COUNCIL.

The recommendations of the First Member in his note dated 19th February 1925 may be approved.

(Signed) A. R. BANERJI,

Dewan of Mysore.

"EXTRACT"

K Ramaswamy

Chief Secretary to Government.

399/18.4

Subd to 1st Member for final note

17.4.25

Subd

Final note by the Secretary is placed below

20/4

WD 1471—GPB—2,000—1-3-21

Final Note by the First Member of Council.

—◆—

Subject:—

proposals for handing over the Government Soap Factory to a private agency.

—◆—

It has been the intention of the Government to hand over the Soap Factory to a private agency after developing it under Government management. So far back as 1921, it had been settled to hand over the concern to Messrs. Papiah Chetty & Bros. of Bangalore on certain conditions but under circumstances explained in Mr. Banerji's Final Note dated 26th October 1921, the offer to sell the factory to them had to be withdrawn. Since then, the industry has been much developed and the factory has been working at a profit, the sales being carried on through an agent. The present agent, Mr. Musa Ebrahim Sait who has been given the agency for a period of 3 years from 1st August 1923 with option to terminate it at six months' notice, in his letter dated 22nd August 1924 to the Director of Industries and Commerce, represented that he had incurred a loss of Rs.1,500 in the first year of his agency owing to the market for the soap not having been fully developed and that the position could be improved only by wide advertisement and the manufacture of the soaps on a larger scale so as to reduce the cost of production: and he therefore requested that he might be either assured of the continuance of the agency for a period of 5 years from the date of the expiry of the present term of 3 years so that he might take necessary action and incur the required expenditure to advertise the soap and improve the sales or that the factory might be sold to him on certain terms. He has also made a definite offer specifying the terms on which he is willing to take over the concern. The terms offered by him are as follows:-

(1) That he will pay for the plant and machinery at current market value or book value whichever is less, and for raw materials and finished products at cost price or market price -whichever is lower, and that he will pay in addition, a sum of Rs.5,000 for the good-will of the concern, together with another sum of Rs.2,000 to be paid as bonus to the present employees of the factory, the latter being subject to the condition that such portion thereof as is not used for bonus should be refunded.

(2) That the Factory must be allowed by Government to remain in its present location for a period of 5 years with an option to continue it for a further term of 5 years subject to payment of reasonable rent to Government for the use of the building and the premises.

(3) That a joint stock company will be floated by the applicant to take over the concern on the above terms.

(4) That the Government must take at least 50,000 Rupees worth of shares in the company to be floated in part payment of the value and that the balance of the value will be paid by the company as share amounts are collected.

(5) That Government will have the right to appoint a Director on the company.

(6) Government must guarantee that the persons now employed in the Soap Factory do not start or help any other persons to start a soap factory or disclose the recipes or any other information relating to the working of the factory to any one for 3 years.

2. The Director of Industries considers that in view of the present condition of the market for soap, the keen competition in the business and the fact that if the concern is to be worked successfully, the plant should be greatly expanded and the production increased which will entail the investment of additional capital with its attendant risks, it is desirable to hand it over to

private agency. He has therefore (in his D.O.dated 3/4th February 1925) suggested the acceptance of Mr. Musa Sait's offer with the undermentioned modifications:-

(1) That he should pay a sum of Rs.7,000/- for the good-will of the business -Rs.3,000 in cash and Rs.4,000 by way of shares, ~~it being~~ it being left to the Government to meet the claims, if any, of persons who have helped in ~~for~~ developing the industry, for bonus or other special remuneration.

(2) That the amount of share to be taken by Government should be limited to Rs.25,000.

(3) That Rs.30,000 out of the purchase money, should be paid before the factory is transferred and the balance in half-yearly instalments, Government being given a lien on the plant and stocks till full purchase money is paid up.

3. When the papers came up before me I noted as follows:-

"Before considering the terms offered by Mr. Musa Sait, I think it desirable to call for tenders again by public advertisement, so that Government may not lay themselves open to the charge of granting unduly favourable terms to Mr.Musa Sait. I would therefore suggest that tenders may be invited from intending applicants for taking over the Soap Factory on the following terms:-

(i) Plant, machinery, raw materials etc. to be valued at their current market rates; and finished stock at cost price.

Half of the value to be paid at once within a month of the acceptance of the tender by Government and before possession of the Factory is given to the tenderer and the other half within a year thereafter, the plant and machinery etc.being treated as security for the amount till ~~the amount~~ it is fully paid up.

(ii) In addition to the value of the plants etc. the tenderer should mention in his tender the amount he is prepared to pay for the good-will,such amount being paid either in cash or in the shape of fully paid up shares in any company which may be floated by the

19

tenderer to work the concern.

(iii) The factory will be allowed to remain on its present site for a period not exceeding 5 years on payment of reasonable rent therefor to Government.

(iv) Government to lend the services of an officer of the Industries Department for a year or two, if required by the tenderer."

The question was discussed at the meeting of the Council held on 14th April 1924 when it was resolved that the proposal to call for tenders on the lines suggested ~~made~~ by me in the above minute may be approved. 1925

The resolution of the Council is submitted for the gracious approval of His Highness.

OFFG. FIRST MEMBER OF COUNCIL.

20/4/25

20-4-1925.

Submitted to His Highness.

I submit herewith a Final Note by the First *Member of Council on the subject of* Proposals for handing over the Government Soap Factory to a private agency,

....

for His Highness' gracious approval.

Dewan.

3595 19

C 325

hue

DR File No. 189 of 1925

Serial No.

S. N. Sahd.
Dewan)

21.4.25.

Yes recommended as
desired by the
Hon'ble Dy Ch. whom
I saw regarding it.

Revenue Secretary with compliments.

22.4.25

22/4.

Immediate.

Draft herewith
23-4-25 Typed d/f, as ordered
24/4

6809/25.4

Typed draft herewith
25/4 It is a point for consideration whether any deposit should be insisted upon from intending tenderers as was done previously (last time each tender was to be accompanied by Rs 5000/-)

Rec'd)
Dewan)

Deposit of Rs 5000/- may be insisted upon as was done on the last occasion
25/4

Please submit draft.

NOTE—Contn. Sheet

27.4

I & C File No. 187 of 1924

General and Revenue Secretariat.

Serial No.

Draft letter & Dir's approval may be issued

I.C. 28/4

28/4

28/4

To The Director of Ind & Commerce.

8

I.C. 7304 & 29.4.25

With refce to (1) states that before accepting Musa Saiti's tenders may be called by fresh public advertisement and calls for drafts of Notification and letter to be published in the Gazette and local newspapers calling for tenders from intending applicants for taking over the Govt Soap Factory

GOVERNMENT OF INDIA
30 APR 1925
INDUSTRIES & COMMERCE BRANCH.

Letter No C-262 & 20 May 25 from the Director forwarding with certain observations the draft of a notice called for above.

The Dir has summed up his recommendations in the last para but one of his letter -

Subd for formal orders -

Rev Sec'y [illegible] 21/5

[illegible]

NOTE—Contn. Sheet

REPLY

(*To be written on this margin.*)

4

OFFICE OF THE FIRST MEMBER OF COUNCIL.

NOTE

Dated..... 25th May .....1925.

I want to know whether the - Director of Industries & Commerce has sent up the draft notice calling for applications for taking over the Government Soap Factory. If so, the papers may be put up.

Revenue Secretary,)
with compliments.)

GEN. & REV. SECRETARIAT
15876
26 MAY 1925
INDUSTRIES & COMMERCE
BRANCH

Serial No.

We may proceed with the question of calling for tenders. After the tender notice is approved the proposal made by the Director as regards the agency may be dealt with.

Mr. Sastry's letter which is referred to by the Director has not yet been received.

623
26.5

The draft notice calling for tenders may be countersigned & submitted with a draft order directing its publication.

I don't think it necessary to defer the calling of tenders, as I am not convinced that the reasons given therefor by the Dir are quite sound. Nor do I think it necessary for Govt to cancel the present agency themselves as pressure. If we get reasonable offers which we are prepared to accept we may then think of terminating the Messrs Sastri agency after giving them the prescribed notice.

The Dir may be written to accordingly & Secretary to Govt Mr Sastri's letter which has not been sent with the Dir's letter for obtaining the Govt's orders thereon.

Contn. Sheet

Serial No.

Dft G.O. for amdt —

The draft notfn is also for appl —— Q.

Mr S.G Sastri's letter referred to in the last para of the m'le may be taken in place below

Rev Sec) MM 6/6.

Re. the draft notification —

Para. 3. — It is for consideration whether the time is to be accompanied by a deposit of Rs 5000/- (Please see the last para of this Office letter d. 29.4.25 to the Dir). P

Para 6. iii) The latter part of the sentence that Govt will be prepared to grant further time for the payment of the other half of the value is suggested by the Dir for deletion — In this office letter of 29.4.25 the period is fixed as one year — The Dir's suggested alteration is vague & the time for payment may be indefinitely prolonged —

Rev Sec) Please have draft as revised — MM 6/6

9.6.25.

Q1

Q

MM 8/6

Fair draft is submitted for appl

MM 9/6

Rev Sec)

NOTE—Contn. Sheet

Revenue and Revenue Secretariat.

File No. 1871 5798 of 1925

Serial No.

Draft. Go is put up

Flag A is the note calling

tenders - in which I have made

some corrections -

The letter also is placed above

Quick.

173
10/6.

Issue

12/6/25

10

D.O. 8365 dt. 15.6.25

To

Director, Industries & Commerce

states that Government consider that time has come to transfer the soap factory to a private agency, particularly in view of the fact that having regard to the growth of imports of foreign soaps commercial undertakings for the sale of soaps have to be considered developed.

P.T.O.

NOTE—Contn. Sheet

G.R.S. III-2]

WD 2119—GPB—10. 27-4-25

General and Revenue Secretariat.

File No. 187 of 1924-5

Serial No.

Please direct that the Draft Notification appended to this order be published in the Mysore Gazette as also in the Kannada newspapers.

RD

RECD. IN REV. SECTT.
16 JUN 1925
INDUSTRIES & COMMERCE BRANCH.

NOTE—Contn. Sheet

D & 3084

TELEGRAPHIC ADDRESS "INDUS COM."

In reply please refer to
No. C.C. 220 : Secl.

GOVERNMENT OF MYSORE,
DEPARTMENT OF INDUSTRIES AND COMMERCE.

CONFIDENTIAL.

GEN. & REV. SECRETARIAT TKS. 15 DEC 1924 INDUSTRIES & COMMERCE BRANCH.

OFFICE OF THE DIRECTOR,

Dated, Bangalore, the...11th..Decr*192* 4.

FROM

P. G. D'SOUZA, ESQ., B.A., B.L.,
Director of Industries and Commerce in Mysore,
Bangalore (India).

To

The Secretary to the Government of Mysore,
Revenue Department,
Bangalore.

I&C 187-24-L

SIR,

In continuation of this office letter No: C.C.219 of the 22nd November 1924, in connection with the taking over of the Government Soap Factory by Mr. Musa Sait, I have the honour to forward herewith for the information of Government copy of another letter dated the 27th November 1924, received from Mr. Musa Sait and to state that I do not consider the terms offered by him sufficiently favourable.

I have the honour to be,

Sir,

Your most obedient servant,

DIRECTOR.

BV.

Letter dated the 27th November 1924 from Mr.M.P.Musa Sait, 32,Godown Street, Georgetown, Madras, to the Director of Industries and Commerce in Mysore, Bangalore.

=======

With reference to our personal conversation regarding the terms on which I am prepared to take over the Government Soap Factory as explained to you, by me in person, the times are not very opportune to start any industrial enterprise just at present.

A number of practically new soap plants are available for sale in the market at remarkably low prices, in fact for a song.

Due to the very favourable exchange, the foreign manufacturers are dumping goods in absolutely large quantities, the goods being packed in neat packing cases. Well established brands of soaps like Pears, Vinolia white Rose are being marketed at lower than what the Mysore Sandal Soaps are sold at. These Home competitors have also commenced just now a very bigh scheme of liberal advertise-ment. From my experience of the last one and half years I can assure you that what I stated in my last letter that the market for the Government Soap Factory is very limited, is not an exaggeration. The development of the industry will have to be done only hereafter, by vigorous sales which will entail heavy expenditure trouble and anxieties. But in the light of the discussion I have had with you, I am prepared to modify my terms which I mentioned in my previous letter by the following terms, without prejudice same being tentative and shall be glad if you will kindly put forward the same before the authorities concerned.

1.The plant and machinery to be valued at the current market value. In case the book-value of the same in your books (less depreciation written off by the factory)is lower than the current market value, the benefit of such lower value should be given to me.

2.Raw materials to be paid for ~~th~~ at the market value and the finished stock of goods to be paid for at actual cost.

3.The concern should be allowed to remain in the present premises for 5 years with an option for another five years subject

P. T. O.

subject to payment of reasonable rent to be mutually agreed.

4.The factory to be located in Bangalore or in any other part in the Mysore State, only and a limited liability company will be floated to take over the concern.

5.The new company to be formed must be allowed to make use of the following words in addition to the name that may be chosen by the Company, "SUCCESSORS TO THE GOVERNMENT SOAP FACTORY",BANGALORE.

6.An undertaking must be taken by the Government from the persons now employed in Soap Making in the Soap Factory that they will not start or help any other person to start a soap factory or give the recipes and formula or information of the working of the factory, to any one for three years.

7.The new company will be willing to take up the present staff on reasonable terms.

8.The services of an officer of the Industrial Department to be lent for one or two years or for such time as the Company may wish the same, to enable them to get practical knowledge of the manufac_turing of the Factory's products.

9.Though still I am of opinion that the goodwill of the concern is yet to be built up and that the object of the Government in having demonstrated successful working of the industry has been achieved and as the factory was not started for any pecuniary gain, the Government cannot insist upon any goodwill being paid. Further I can assure you that since I saw you I have seen a number of my friends who are willing to take part in the floating of the limited liability company and they are very discouraging, saying that these are not the times to pay any goodwill and it is even risky to take a concern at this juncture. But I do not wish to go back upon what I told you in our personal conversation, so, I am willing to pay a sum of Rs 5,000/= towards good_will and this should be taken by way of shares. I can assure you that this is against the advise of my best friends and well_wishers and upon whom I depend the successful formation of the

Company. It is against their advice that I am taking this step. It is next to impossible for me to pay anything more than this.

10.In addition to the shares that may be allotted to the Government for Goodwill, the Government should take certain portion of the purchase money by having shares assigned to them, the minimum being one-eighth of the capital of the new company that may be floated. The balance will be paid by instalments as the share-capital comes in, the Government having the right to appoint one Director on the Board.

==========

"Copy"

Director.

BV)

G. R. S. VI–G-32] B50—WD 0527

SUBJECT

Diary No. of letter replied to

General and Revenue Secretariat

( )

the *192*

Date of issue 30/12/m

Signed by W. T. Ramiah

Section 9 Dc

File No. 187-m

Serial No. 5

No. 9c. 4376 9 30/12

To The Director Dc

Sir,

With reference to your letter No C.E 220 9 11/12/m, I am directed to state that your further proposals re the transfer of the boat factory to private agency are awaited and to request you to kindly expedite the same.

I have &c

for Secy

Ky 28/12

WT

over

31258

6

TELEGRAPHIC ADDRESS "INDUS COM."

In reply please refer to
No. Y. 654

C

GOVERNMENT OF MYSORE,
DEPARTMENT OF INDUSTRIES AND COMMERCE.

OFFICE OF THE DIRECTOR,

Dated, Bangalore, the 17th Jany *192*5.

69

FROM

P. G. D'SOUZA, ESQ., B.A., B.L.,
Director of Industries and Commerce in Mysore,
Bangalore (India).

D 3617

I&C 187-24-6

20 JAN 1925

19 JAN 1925

G. D. SECTION

The Secretary to the Government of Mysore,
Revenue Department,
Bangalore.

SIR,

With reference to his No: I.C.4376/I&C.187-24-5 of the 30th December 1924, calling for my further proposals regarding the transf of the Soap Factory to private agency, I have the honour to state t Mr. Hajee Musa Sait says that due to his father's serious illness, is not able to come immediately. The report called for will be - submitted as soon as he is able to come to Bangalore.

I have the honour to be,

Sir,

Your most obedient servant,

DIRECTOR.

BV.

Tels.—"Induscom." *Codes used* A. B. C, 5th Edn; Bentleys.

Government of Mysore.

Department of Industries and Commerce.

D.O. No. Cb. 232

One.

GEN. SECRETARIAT D 3898 SEP 1925 INDUSTRIES & COMMERCE BRANCH.

GC 187-24-7

CONFIDENTIAL

MR. P. G. D'SOUZA,
Director.

Office of the Director,

Bangalore, dated the 3rd February 1925

Dear Mr Srinivasaraya

As Mr. Musa Sait's father died last Thursday, he has sent in his further proposals for taking the factory to-day (copy enclosed). When I took him to you he had promised to give in all Rs 8,000/- for Goodwill. He has now made it Rs 7,000/- but coupled it with a condition that if any portion of the amount is not paid as bonus to persons that assisted Government in developing this industry, it should be refunded. He should give this amount subject only to the condition that Government will meet the claims, if any, of persons for special remuneration for work done in developing the industry. Of this Rs 3,000/- may be paid in cash and the balance taken by way of shares.

The amount of shares to be taken by Government may be limited to Rs 25,000/-. In order to enable Mr. Musa Sait to float the Company successfully and gain the confidence of the investing public, it is necessary for Government to take a certain number of shares. There should be also one Government Director on the Board.

As far as the payment of the purchase money is concerned, the

the proposal to pay Rs 30,000/- before the factory is transferred and the balance to be paid in four equal half-yearly instalments, the Government to have a first lien on all the machinery stocks, etc., till the debt is fully discharged.

It is rather difficult to deal with a man like Mr. Musa Sait. He is not prepared to go much beyond the terms he originally offered. The competition both of foreign soaps and cheap indigenous soaps is very keen and the prospects of the industry are by no means bright. An energetic concern that can study the markets and organise sales and adopt the production to the markets, is likely to be able to cope with the - - situation, but this implies considerable risk.

If Government approve of the transfer with the modifications I have now suggested, I think I shall be able to induce Mr. Musa Sait to accept the terms and go forward. Early orders are requested as the soaps are accumulating and Mr. - Musa Sait is determined to give up the agency taking over the six months' output as he does not find the agency sufficiently remunerative.

Yours Sincerely

Sd/- G. D. Sanders

K. R. Srinivasiengar, Esq., M.A.,
Member of Council, Bangalore.

Copy of letter dated the 2nd February 1925 from Mr. Musa Sait 32 Godown Street, Madras, to the Director of Industries and Commerce in Mysore, Bangalore.

WITHOUT PREJUDICE

With reference to my personal interview with you and in continuation of my letter of the 27th November last, I am willing to pay a further sum of Rs 2,000/- in shares in addition to the Goodwill of Rs 5,000/- in shares offered by me, in case Government is to reimburse any of their officers for having helped in the initial stages of the development of the factory, and provided that this amount is returned to me if no such reimbursement is found necessary and further subject to the - - Government taking an undertaking in proper legal form as per Clause No. 6 of my letter dated 27th November last, from the employees of the factory as also the Industrial Chemist. It is also necessary that the Government should take at least Rs 40,000/ worth of shares in the new company.

As soon as the new company is floated and before the new company is put in possession of the factory the company - will pay a minimum amount of Rs 30,000/- towards the purchase money, the balance due being paid in such manner as may be - mutually agreed by the Government and the company as the share money is being received.

I hope the Government will be agreeable to transfer the factory on these terms and shall be glad to have a reply as early as possible so that I may take necessary steps and - make necessary arrangements to float the new company.

" COPY "

Director.

Conf & Unworth

NOI.C.7306 (10)

I&C 187-24-8

To

The Director of Industries &
Commerce in Mysore.

Sir,

With reference to the correspondence ending with your D.O.No.C.C.232 dated 4th Feby. 1925 re. the transfer of the Govt. Soap Factory to Mr. Musa Sait, I am directed to state that, before considering the terms offered by Mr. Musa Sait, Govt. consider it desirable to call for tenders by public advertisement. I am therefore, to request you to ~~be so good as to publish~~ submit for the approval of Govt. a notification in the Mysore Gazette, ~~and advertisements~~ to be published in the papers also in the leading newspapers, calling for tenders before the end of June next, from intending applicants, for taking over the Govt. Soap Factory on the following terms:-

i Plant, machinery and raw materials etc., to be taken at a valuation at their current market rates and ~~furnished~~ finished stock at cost price.

Half the value to be paid ~~at once~~ within a month of the acceptance of the tender by Govt. and before possession of the Factory is given to the tenderer ~~and~~; and the other half to be paid within a year thereafter, the plant, machinery, etc., being treated as security for the amount till it is fully paid up.

ii. In addition to the value of the plant etc., the tenderer should

Dated 25/4/25

Signed Gobb V.V.
Chary

(1)

For orders to be taken on the terms of notification calling for tenders, may not be approved by Govt before publication. (Please see Flag K.)

WBP
25/4

mention in his tender, the amount he is prepared to pay for the good will, such amount being paid either in cash or in the shape of fully paid up shares in any company, which may be floated by the tenderer to work the concern.

iii The Factory will be allowed to remain on its present site for a period not exceeding 5 years, on payment of reasonable rent therefor to Govt. and

iv. Govt. ~~to~~ lend the services of ~~an~~ officer of the Industries & Commerce Dept. for a year or two, if required by the tenderer.

2. ~~The~~ tender~~s received~~ should be submitted for the orders of Govt. with your report before 15th June 1925.

I have etc.,

Revenue Secretary.

TELEGRAPHIC ADDRESS: "INDUSCOM"

In reply please refer to
No. 262 Ind 1.

GOVERNMENT OF MYSORE,
DEPARTMENT OF INDUSTRIES AND COMMERCE.

25798

Confidential

GOVERNMENT SECRETARIAT
21 MAY 1925
INDUSTRIES & COMMERCE
BRANCH

OFFICE OF THE DIRECTOR,

Dated Bangalore, the 20th May *192* 5.

FROM

P. G. D'SOUZA, ESQ., B.A., B.L.,
Director of Industries and Commerce in Mysore,
Bangalore (India).

To

The Secretary to the Government of Mysore,
Revenue Department,
Bangalore.

I & C 187-24-9

SIR,

With reference to your letter No. IC. 7304 I & C 187-24-8 dated the 29th April 1925 re: inviting of tenders for the transfer of the Government Soap Factory to private enterprise, I have the honor to submit herewith the draft of a notice to be issued in the matter.

In this connection I have to bring to the notice of Government certain circumstances which render the calling of these tenders somewhat inopportune at this moment. I am submitting herewith copy of a letter which I have received from Mr. S. G. Sastry on the subject. Though Mr. Sastry has latterly not shown much interest in the factory as is evident from the fact that beyond ~~the~~ starting the construction of the expanded factory he did little more before he proceeded to Europe and left me to face the difficulties incidental to the completion of the work and starting manufacture on an enlarged scale at a time when the foreign manufacturers started vigorous campaign to throttle local industries by severely cutting down prices, yet I am inclined to agree with him that it would not be fair to transfer the factory at the present stage when the market is unsettled and the demand for our soaps is less than what our factory is capable of producing. I have been making some enquiries generally as to the prospects of any local people applying for the concern and I am not satisfied

that there is a possibility of any really good man from the State coming forward to take up this industry. The times also are not suitable for new Joint stock enterprises as public con -fidence has recently been much shaken in most of the existing concerns. Mr. Musa Sait himself seems to be no longer willing to take up the factory. In Madras they recently floated a - company for the manufacture of soaps with a capital of nearly a Lakh of Rupees but from the enquiries I made in Madras, the response has been very poor. It may greatly affect our chanc -es of selling our factory to advantage and establishing the industry permanently if no proper response is received to the invitation for tenders.

The other point for consideration is, what is to become of the present agency agreement in case we call for tenders? It will no doubt be a condition of the transfer of the Soap - Factory that should the Agent so desire, the existing agreement with him will be binding on the transferees. The existing - Agency agreement provides that the same may be terminated by six months' notice on either side. Mr. Musa Sait when pressed by us to take the full quantity of soaps that can be manufactur -ed in the Soap Factory working to its fullest capacity, has al- ready signified his intention of resigning the Agency and there may thus be no difficulty in inducing him to consent to a ter- mination of the Agency. The only point is, that the Agent - will under the agreement be bound to take over the full quanti -ty of soaps manufactured in the factory and in case it is pro- posed to transfer the factory to private enterprise and in order to facilitate this, the Agency has to be terminated, it does not appear to me to be fair to insist on this condition.

Owing to the increasing competition of imported soaps, the prices of which have been recently reduced to very low limits and the competition of the cheaper local soaps, we found that if the factory were worked to its fullest capacity we should have a large accumulation of stock on our hands and though under the -

the agreement the agent could be forced to take these soaps, such a step would scarcely be to the advantage of the factory for the Agency could resign his Agency taking over six month's soaps. While in trying to rebuild business we would on the one hand be handicapped in our sales by the goods the Agent still had with him and as the market was dull we would be in no better position in regard to future sales. I have therefore taken steps to regulate production so as to avoid any heavy accumulation of stocks. We have at present in the factory about Rs. 60,000/- worth of finished goods which we can compel the agent to take but ~~while~~ it would not be prudent on our part to do for the - reason already stated. In case Government ~~xxxx~~ decide to pro -ceed with the calling of tenders, I am of opinion that it is desirable to give Mr. Musa Sait the option of terminating his agency and in that case the quantity of soaps to be taken by him on account of short deliveries due to deficiency of orders booked by him be limited to one-third of the ~~xxxxx~~ finished stock in the factory on the date the Agency agreement terminates.

I must however state, that I have not been satisfied with the manner in which the present Agent has been canvassing busi -ness for the Soap Factory on the whole and as a long time had elapsed since Mr. Musa Sait had applied for the factory, I was carefully considering the steps to be taken to effect better sales. Mr. Musa Sait has a number of complaints regarding our soaps such as that our packing is not attractive, there is no margin whatever for advertisement in the commission allowed to him, that Government should therefore do the advertisement and owing to the vigorous campaign started by the Erasmic Soap Company and other European Manufacturers who also sell Sandal Soaps, the demand for our soaps has been greatly curtailed. There is a certain amount of force in these complaints We cannot improve the packing without adding to the cost and increasing the price which we are not in a position to do. We have been giving him every help but unless more vigorous advertising is resorted to, our sales are bound to be poor. Mr. Musa Sait relies mainly on the market in the Madras Presidency

and to a certain extent in the Bombay Presidency, but the demand from both these Presidencies is just sufficient to absorb about 50 per cent of the output of the factory if worked to its fullest capacity. As regards Northern India and Bengal there are certain other difficulties such as increased freight &c., which limit the market. It was my intention therefore to submit revised proposals restricting the Agency to the Madras Presidency and fixing a limit as to the soaps which the Agent would be bound to take proportionate to the demand in this Presidency about - - Rs. 1,80,000/- and take steps to develop a market elsewhere by - having separate agents in all important centres each one guaranteeing purchases upto a certain limit and arranging for direct advertisement from the factory on a proper scale. But I have not submitted these proposals in view of the decision of Government to transfer the Soap Factory to private enterprise.

Whether the present Agency is to be continued or not, it is extremely necessary for us to carry on an independent investigation in regard to the prospects of the sale of soaps in all important centres and it is desirable that we should depute an Officer for the purpose of the enquiry so that in case we have to carry on direct sales, we know the markets exactly or if the - Agent is to be continued to assist him in organising the sales satisfactorily.

My recommendations are -

1. In case Government decide to proceed with calling for tenders, the Agency may be terminated, the Agent being asked to pay for and take over one-third of the finished stock (about Rs. 20,000/-) and the Officer in charge of the Soap Factory deputed to make suitable selling arrangements until the factory is taken over.

2. In case Government agree with the view that the transfer of the factory to private enterprise at the present stage is not calculated to lead either to Government realising a fair value for the same as to the development of the industry on an adequate -

scale, the existing agency agreement to be suitably revised for which proposals will be separately submitted or otherwise satis-factory arrangements made for future sales.

In conclusion, I may refer to an insinuation contained in Mr. Sastry's letter I have sent herewith regarding the present management of the factory. I am quite convinced that even if Mr. Sastry were here, we would not have in any way escaped any of the difficulties that have arisen or the position in any way been better. If Government can spare a separate officer exclusively for the work, I shall be glad to have him but I am satisfied that the existing condition of affairs is due mainly to causes beyond the control of the Soap Factory.

I have the honor to be,
Sir,
Your most obedient servant,

Director.

USC)

Encl. To Mini Offi No. EB. 262 of 20.5.1925

17

Copy of Confidential letter dated the 30th March 1925, from Mr. S. G. Sastry, Industrial Chemist, Bangalore, to the Director of Industries and Commerce in Mysore, Bangalore.

May I request you to kindly permit me to submit the following views of mine concerning thefuture of the Govt. Soap Factory, Bangalore. I am fully aware that I have not been asked to submit my views about this matter either by you or anybody else and yet I take the liberty of doing so confidentially in view of the fact that I shall be going to Bhadravati. I also feel I owe it to myself as well as to the Department that if I had any definite suggestions to submit to you concerning the Government Soap Factory with which I have been connected since its commencement, I should do so in the discharge of my duties fully trust -ing that you will kindly find it possible to spare some time to consider my proposals.

1. I have heard it mentioned that it is the intention of tho Department to transfer the Government Soap Factory to private enterpriso as soon as possible. I know and I appreciate the policy of Government that this factory should ultimately pass into the hands of the people. I do not personally consider that the present is the most oppor -tune time to sell the factory. I hold that a factory of this nature pioneered by the Government should at the time of its sale be in a flourishing condition so that the pur- chaser whosoever he may be, may be enabled to attract suffi -cient capital from the public to successfully manage the concern soon after purchasing it. So far as I have been able to gather, the affairs of the factory are not at the present moment in a prosperous condition. Sales have - fallen and there is a good stock of finished articles and further the problem is complicated by the fact that the present Agent has given notice for the termination of his Agency. The activity of the factory on the manufacturing side has been curtailed to a very great extent in view of these facts.

Before I proceed further, I may be permitted to make it clear that I take the present facts and the present situation as they are and I am not looking into the causes that have led upto the present situation.

2. I submit that the Department of Industries and Commer -ce should consider it a point of honour not to transfer the factory to private enterprise when it is not in a flourish -ing condition. Thatthe factory could be worked profitably has been proved upto the hilt, if only one cares to go - through the past records. The factory had in the past one period of depression and the difficulties that faced us then were successfully surmounted and the affairs were brought into a proper shape. It looks as though we are faced with another period of depression and it is the duty of the Depart -ment to successfully tide over the present period and then think of transferring the factory to private enterprise. The only way to preserve the good name of the Department is to re- establish the position of the factory as a paying concern and then to sell away the factory at the earliest opportunity.

3. One of the first thingsto be done in this connection will be to have a full time officer of the Department in charge of the factory. This gentleman should be in a position to be working in the factory both morningsand afternoons. It requir -es a great amount of patience perseverence and skill to re- gain the lostposition. It will have to be done gradually and the Officer in charge should be a man endowed with a commercial and practical bent of mind together with plenty of business accumen. The manufacturing side can be very well looked

looked after by Mr. M. S. Krishna Rao and it is the business side of the factory that requires careful handling at the present moment.

4. Without being considered presumptuous, may I be permitted to submit for your consideration, the names of two gentlemen either of whom will make the factory regain its old position. In the case of the first nominee there will be other incidental advantageous ac -cruing to the Department as a whole and as such it may be for the welfare of the whole department.

a) Mr. M. S. Ramachandra Rao, Secretary, Stores Purchase Committee. If this gentleman can be induc -ed to come to our Department and further if he can be induced to be in charge of the Soap Factory, I am absolutely certain that he will leave no stone unturned to bring back the factory into a flourishing condition. If he consents to come to us he will bring an atmosphere of his own which in the long run will be of considerableuse to the Department as a whole. I am quite sure you will agree with me when I say that he will prove to be the finest asset of our Department. Since Mr. Ramachandra Rao is known to you so - thoroughly, I don't propose to say anything more about him. I have not discused this subject with Mr. Ramachandra Rao and he is entirely ignor -ant of my views in this matter.

b) Mr. G. S. Girimaji Rao, Superintendent of Industries. I have closely observed this gentleman as a Colleague of mine in the Department for over six years and from my experience, I find that he is hard-working, honest and very earnest in the discharge of his duties. If I am not mistaken he is the only one in our Department who had had experience in handling a large number of men in big factories. He was in charge of very big rice mills in Thiruvallur and he commanded the confidence and respect of the South Indian Industrials who invest -ed him wi h full authority concerning these mills. He has also handled large ~~mixi~~ units of power machin -ery both in Bombay and Madras when he working in the Electric Supply Corporations of these two cities. From what I have seen of him he has got proper grit and determination to see a thing through.

5. Another thing I would like to submit for your consideration is the advisability of accepting the notice of the present agents for the termination of the agency. Afterwards it will be quite easy for the factory to make its own arrangements for the direct sales from the factory. If on the other hand Government should so direct that it is better to have the sales conducted through an Agency, fresh appli -cations might be invited for the purpose. The present - Agent is a difficult man to get on with and I personally consider that he has not done his work properly and if any -thing, he has spoiled our position in the market by his negligent ways. The sooner we sever our connections with this gentleman the better for our factory. I am aware that this gentleman has also applied for the purchase of the - factory and I do not think much will come out of his offer for the purchase of the factory. The Calicut Soap Factory had dealings with him and they found him unsatisfactory. When he was appointed as our Agent I had very great hopes that he would show better results with us than he did with the Calicut Soap Factory. My hopes have not been fulfill -ed. He is not the proper person and he is of no use to this trade. He belongs to that class of adventurous spirits who are prepared to make or lose fortunes easily taking the whole venture as a speculation and such men are

are not prepared to build up a business by the slower and surer methods. I submit that our present Agent is not the proper type of agent who would be of help to our factory and who would be able to stand by us through thick and - thin.

6. I have closely examined the products manufactured at the factory and I find that Mr. M. S. Krishna Rao is maintaining the quality in a uniform manner.

I request the favour of your treating this letter as Strictly confidential.

========

" COPY "

I&C 187-24-10.

Proceedings of the Govt. of H.H. the Maharaja of Mysore.

Read -

Letter No.I.C.7304/I&C.187-24-8 dated 29th April 1925 from the Secretary to Government, Revenue Department, to the Director of I & C, observing that it is desirable to call for tenders by public advertisement, and requesting him, to submit for the approval of Govt. a draft notification calling for tenders, on certain terms.

2. Letter No.C.262 dated 20th May 1925 from the Director of I & C, forwarding a draft notification for approval and submitting his further recommendations in the matter, for the orders of Govt.

Order No. I.C. 8365/ Bangalore, dated 18th June 1925.

The question of transferring the Govt. Soap Factory to private agency, has been under the consideration of Govt. for some time past. Tenders for the purchase of the factory were called for in 1921, but the matter was not finally concluded owing to various circumstances. Subsequently, it was decided that the factory may be retained under Govt. management for some time longer; and the output of the factory was increased by adding to the machinery and plant. The factory is now in full working order, and the products of the factory have established a name for purity and quality in the market.

Govt. consider that the time has come to transfer the factory to private agency, particularly in view of the fact that -- having regard to the growth of imports of foreign soaps, the Commercial arrangements for the sale of soap, have to be considerably developed. Such arrangements are more efficiently and economically made by a private agency.

Government are accordingly pleased to direct that the draft notification appended to this order, be published in the Mysore Gazette, as also in the leading newspapers in India.

9.6

Revenue Secretary.

To

The

DEPARTMENT OF INDUSTRIES AND COMMERCE

NOTIFICATION

Dated 1925.

---

1. The Government Soap Factory which was started by Government on an experimental basis in the year 1918 having reached a stage when it may with advantage be transferred to private enterprise for further working and expansion, the Government of His Highness the Maharaja of Mysore have decided to sell this Factory as a going concern.

2. Sealed tenders for the purchase of the same from individuals or companies willing to purchase it will be received by the Director of Industries and Commerce in Mysore, Bangalore, upto 12 NOON OF THE 30th JUNE 1925.

3. The tenders must be accompanied by a deposit of Rs. 5,000/- (Five Thousand only) in cash or currency notes and should be superscribed "TENDERS FOR THE PURCHASE OF THE GOVERNMENT SOAP FACTORY". (Tenders without the deposit amount will not be considered.) The deposit in the case of the successful tenderers will be credited towards the purchase value and in the case of others, the amount will be returned soon after. The deposit will be forfeited to Government if the successful tenderer fails to comply with any of the conditions of the tender or fails to take over the concern not later than one month from date of acceptance of the tender.

4. The final acceptance of the tender will rest with the Government of Mysore who are not bound to accept the highest or other tender or to assign any reason for the acceptance or rejection of any tender.

5. The assets of the factory to be taken over consist of -

A. i. Machinery
ii. Tools & Plant
iii. Furniture

B. i. Goods under process
ii. Finished stock of goods
iii. Raw materials.

Complete printed list of assets of Class (A) can be had on application to the Industrial Assistant in Charge of the Government Soap Factory, Bangalore, with a remittance of Rs. 5/- only. An approximate idea of cost of stock under Class (B) can be formed on application to the Industrial Assistant who has been authorised to furnish figures under those heads as on 1st April 1925, to those who have obtained from him a copy of the fixed assets, the actual stock being valued at market rates at the time of handing over of the concern.

6. The following are the terms of the tender and tenderers are requested to give exhaustive and clear information regarding them:-

i) Applicants should be natives of the Mysore State by birth or domicile, or if outsiders, should bind themselves to float a Joint Stock company and register the same in Mysore and continue the business in the Mysore State.

ii) The purchaser should agree to take over plant, machinery and raw materials etc., at a valuation at their current market rates and finished stock at cost price.

iii) Half the value should be paid within a month of the acceptance of the tender by Government and before possession of the factory is given to the tenderer, Government will be prepared to consider the grant of further time for a reasonable period, for the payment of the other half on the security of the plant and machinery etc., if the tenderer so desires.

iv) In addition to the value of the plant etc., the tenderer should mention in his tender, the amount he is prepared to pay for the "GOODWILL" such amount being paid either in cash or in the shape of fully paid up shares in any company which may be floated by the tenderer to work the concern.

v) The factory will be allowed to remain in its present site for a period not exceeding five years on payment of a reasonable rent therefor to Government.

vi) Government will lend the services of an officer of the Department of Industries and Commerce for a year or two if required by the tenderer.

7. Preference will be given to Joint stock companies already existing or that may be formed for the purpose of purchasing the Soap Factory and developing it.

DIRECTOR.

Particulars	Half year ended											
	30.6.19	31.12.19	30.6.1920	31.12.20	30.6.21	31.12.21	30.6.22	31.12.22	30.6.23	31.12.23	30.6.24
Sales	58910 14 7	57,034 1 8	45562 0 7	54,126 11 3	60105 8 0	87593 8 10	85219 9 2	83338 11 9	80797 5 9	84220 10 3	67,663 4 5
Gross profit	14237 10 8	12,338 7 11	8186 4 8	1149 2 0	179 3 5	17940 6 3	34999 8 10	17247 15 4	31535 5 4	29972 2 8	14747 6 8
Net profit	4281 6 8	4,616 12 1	* 3304 9 9	8803 5 0	8170 11 0	6966 9 6	23,933 7 3	6885 13 1	19888 7 4	18535 6 2	1797 6 4
Percentage of profits	7.2	8.1	7.2	16.2	13.6	7.1	28.0	8.2	24.6	22.0	2.7

Loss

* Red ink entries denote ~~loss~~

Percentage of profit is calculated on the sales

Jas 18.12.24. 19.12.24

G.R.S. VI G 34]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *192*

Date of issue.....

Signed by.....

May this be

i Printed ?

ii treated as a standing order ?

iii published in the Gazette, English Part ?

iv translated ?

v placed at the disposal of the press ?

vi published in the Gazette, Kannada Part ?

Section

File No.

Serial No.

Proceedings of the Government of His Highness the Maharaja of Mysore

Read—

Letter No ... d. 14th Oct 192
from the Dir of I & C forwarding for
order of Govt, copy of Mr Musa Saith
Application dated the 22nd Sept. 1924. for
the transfer of the Soap factory or
Extension of his Agency

2 Correspondence ending with D.O. N
d. 4th Feby 1925, from the Dir
suggesting
Order Thereon No. I & C.. acceptance of Mr Musa Saith offer
take over the concern, with certain mo
fications

3 Letter No ..... d.. 29th Apr
from the Secy to Govt, Rev Dept.

the Dir of I & C. observing that it is desirable to call for tenders by public advertisement and requesting him to submit for the appl of Govt a draft notification calling for tenders on certain terms.

Letter No. d. 20th May 25 forwarding a draft notification for appl and on the Dir of I & C submitting his recommendations in the matter the order of Govt.

Dr Thirumurthi

Mr Muna Sait has been given agency for a period of 3 years from the 1st August 1923, with option of terminating it after six months notice.

Letter No. d 27.7.23 to the Dir of I & C). He represents that he has incurred losses, owing to the insufficient development of a market for myscale and requests that he may be issued the continuance of the agency for a further period of 5 years or that the factory may be sold to him on certain terms.

The Dir of I & C was of opinion that owing to the existing conditions, it is desirable to hand over the agency and suggested.

Flap 1

List of enclosures

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Examined by

WD 1883—GPB—1,000,00—21-12-21

G. R. S. 27]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

the acceptance of M Muc Sait's offer with the following modifications:-

1) That he should pay a sum of Rs 7000/- for the goodwill of the business - Rs 3000/- in cash & Rs 4000/- by way of shares - it being left to the Govt to meet the claim if any, of persons who have helped in developing the industry, for bonus or other special remuneration -

2) That the amount of shares to be taken by Govt should be limited to Rs 25,000/-

3) That Rs 30,000/- out of the purchase money should be paid before the factory is transferred & the balance in ½ yearly instalments, Govt being given a lien on the plant & stock, till full purchase money is paid up

As Govt considered it desirable to call for tenders by public Advertisement, the Dir was requested to send up a draft notification

The question of transferring the Govt sugar factory to private agency has been under consideration of Govt for some time past. Tenders for the purchase of the factory have been called for in 1921, but the matter was not finally concluded owing to various circumstances. Subsequently, it was decided that the factory may be retained under Govt management for some time longer and the attempt to sell the factory was in abeyance by adding to the machinery &c. The factory is now in full working order, and the progress of the factory has exceeded

GPB—20,000—7-7-14

for the appt of Govt - calling for tenders from intending applicants for taking over the Soap factory in certain circumstances while submitting the offer notification, the Director has, in the last letter read above, expressed the view

2. recommended that the factory may not be handed over to private enterprise at the present stage and that the existing agency agreement may be suitably revised or other satisfactory arrangements made for future sales. In case Govt should decide to proceed with the question of calling for tenders, he suggests that the present agency may be terminated, the Agent being asked to pay for & take over 1/3rd of the finished stock (about Rs 20,000/-) and the Officer in charge of the Soap Factory deputed to make suitable selling arrangements until the factory is taken over

4. On a careful consideration all the circumstances of the case Govt consider that it is not

name for ... & quality ... market. But ... that ... time has come to transfer the factory to private agency, particularly in view of the fact that ... having regard to ... limit ... of imported ... soaps, the ... arrangement ... to the ... soap ... to be ... changed ... such arrangements ... this ... agency ... manufacture ...

G. R. S. 27]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

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necessary to defer calling for tenders. It has been the intention of Govt from the start, to hand over the Soap factory, to a private agency after developing it, under Govt management. Govt are not satisfied that the reasons given by the Dir in the last letter read above, for deferring the transfer to a private agency, are quite correct. Govt do not also consider it necessary to ~~cancel~~ terminate the present agency themselves at present.

2. Govt are accordingly pleased to direct that the draft notification appended to this order, may be published in the Mysore Gazette, as also in the leading newspapers.

MD
6/6.